

Philip Morris Deferred Profit-Sharing Plan Report on Fund Performance

The Philip Morris Deferred Profit-Sharing Plan provides that you may invest your Plan account in one or more of the following four funds:

Fund A— U.S. Government Obligations Fund—This Fund is primarily invested in direct obligations of the U.S. Government or its agencies or in fully insured bank deposits. The primary goal of this fund is to minimize market volatility, although not entirely eliminating it, while earning current rates of interest for participants.

Fund B— General Equity Fund—This Fund is invested in a Bankers Trust "index fund" of common stocks of major U.S. corporations that closely resembles the Standard & Poor's Index of 500 stocks.

Fund C— Interest Income Fund—The objective of this Fund is to provide stable, predictable returns that are competitive with other fixed income investments with similar risks. This Fund is invested with financial institutions with high quality credit ratings which agree to repay both principal and interest. This Fund is expected to earn 6.7% to 7.1% in 1994. The financial institutions guarantee an interest rate and the repayment of principal; however, this is not a Philip Morris Companies Inc. guarantee and is subject to the ability of each financial institution to fulfill its obligations under its contracts.

Fund D— Philip Morris Stock Fund—This fund is invested in common stock of Philip Morris Companies Inc. Plan participants may direct that up to 100% of each plan account and 100% of future contributions be invested in this fund.

When making or changing your investment choice, you should bear in mind that the value of the U.S. Government Obligations Fund, the General Equity Fund and the Philip Morris Stock Fund can go either up or down, depending upon economic/market conditions. The Interest Income Fund has offered the most stable and predictable return, as its performance is not subject to stock market fluctuations.

Please note that the information in this report is provided solely to give you an indication of how the Funds have performed. Specific information about the value of your Plan Account is provided semi-annually on Plan Statements sent to you from Bankers Trust, the Plan Trustee, as well as on your Personal Annual Benefits Report.

Fund Performance

	Fund A	Fund B	Fund C	Fund D
1989	+9.8%	+31.4%	+ 9.3%	+67.9%
1990	+8.6%	- 3.1%	+ 9.1%	+28.2%
1991	+6.8%	+30.4%	+ 8.9%	+59.1%
1992	+5.4%	+ 7.9%	+ 8.4%	- 1.0%
1993	+4.1%	+10.3%	+ 7.7%	-24.3%
Current Year				
January 1 – March 31, 1994	+0.1%	- 3.8%	+1.8%	- 7.9%
April 1 – June 30, 1994	+0.6%	+ 0.4%	+ 1.7%	+ 3.1%

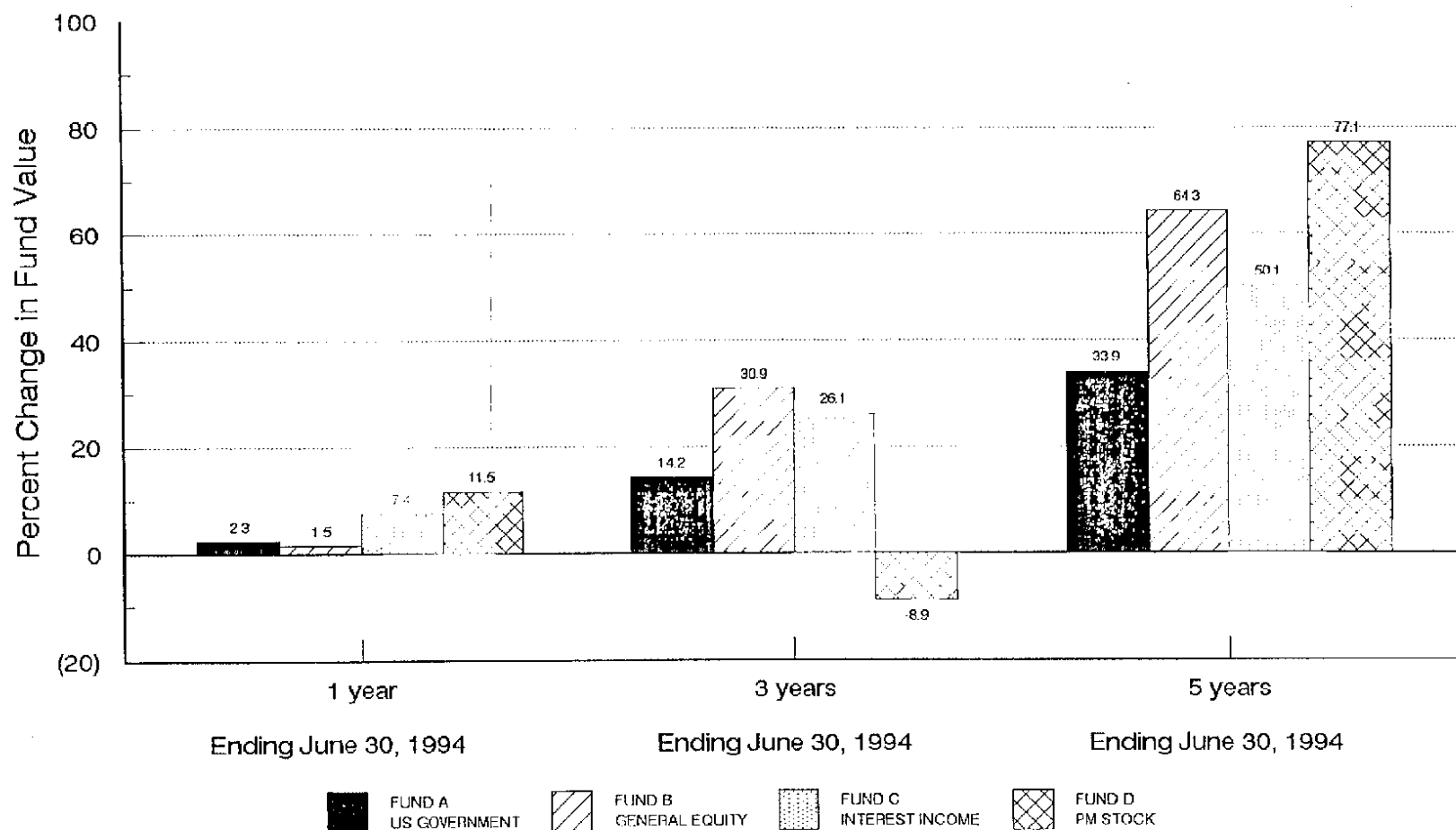
This chart shows how the Funds have performed during the past five **calendar** years as well as the current year. The Funds' performance applies only to dollars that were in the particular Fund for the entire calendar year. Due to market fluctuations, dollars that were invested, withdrawn or transferred between funds during the year may have earned a higher or lower rate of return.

This document is a supplement to a prospectus covering securities that have been registered under the Securities Act of 1933. The date of this supplement is July 28, 1994.

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Personnel Benefits

CUMULATIVE FUND PERFORMANCE



This chart shows how the funds have performed on a cumulative basis over various periods of time ending June 30, 1994.

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